

related solely to station apparatus.

(i) This account shall also include revenue from the provision of secondary features which are integrated with the telecommunications network such as call forwarding, call waiting and touch-tone line service. Also included is revenue derived from the provision of public announcement and other record message services, directory assistance and other call completion services (excluding operator assisted basic long distance calls), as well as revenue derived from central office related service connection and termination charges, and other non-premise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

(j) This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreement for tariffed local network services only when they are not separately identifiable by local network services revenue accounts in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by Local Network Services Revenue account, they shall be recorded in the applicable account.

§ 32.5080 Network access revenue.

(a) This account number shall include revenue derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications service beyond the exchange carrier's network.

(b) Accounts 5081 through 5083 are for federally tariffed access charges while Account 5084 is to be used for state tariffed access charges.

§ 32.5081 End user revenue.

This account shall contain the federally tariffed monthly flat rate charge assessed upon end users.

§ 32.5082 Switched access revenue.

This account shall consist of federally tariffed charges assessed to interexchange carriers for access to local exchange facilities.

§ 32.5083 Special access revenue.

This account shall include all federally tariffed charges assessed for other than end user or switched access charges referred to in Account 5081, End User Revenue, and Account 5082, Switched

Access Revenue.

§ 32.5084 State access revenue.

(a) This account shall include all state tariffed charges assessed by local exchange carriers upon interexchange carriers and end users access for access to local exchange network for intrastate telecommunications.

(b) Billing and collections services provided under exchange access tariffs shall be included in Account 5300, Miscellaneous Revenue.

§ 32.5100 Long distance message revenue.

(a) This account shall be used for revenues derived from message services that terminate beyond the basic service area of the originating wire center and are individually priced. This includes those message services which utilize the public long distance switching network and the basic subscriber access subscriber access line. It also includes those long distance calls placed from mobile and public telephones, as well as any charges for operator assistance or special billing directly related to the completion of a specific call. This account shall also include revenue derived from individually priced message services offered under calling plans (discounted long distance) which do not utilize dedicated access lines, as well as those priced at the basic long distance rate where a discounted toll charge is on a per message basis. Any revenue derived from monthly or one-time charges for obtaining calling plan services shall be included in this account.

(b) Companies shall use this account for revenues of the type and character listed below.

(c) This account shall include revenue derived from long distance services which permit unidirectional calls to a subscriber from specified service areas or which permit the subscriber to place telephone calls from one location to other specified service areas. It shall also include revenue derived from toll calling plans which embody flat-rate or measured time toll service.

(d) This account shall include the revenue derived from long distance services which permit unidirectional calls to a subscriber from specified service areas (multipoint-to-point service). These calls require the use of dedicated access lines connecting a subscriber's premises and a designated central office. These dedicated access lines are generally separate from those required for the subscriber to place outward calls. The call is billed to the subscriber even though it is generally initiated by the subscriber's customer or correspondent.

(e) This account shall include revenue derived from long distance services which permit the subscriber to place telephone calls from one location to other specified service areas (point-to-multipoint service). These calls are completed without operator assistance and require the use of a dedicated access line. The dedicated access line is generally separate from those required for inward message services and cannot be used to place calls within the basic service area or calls outside the selected service areas. Outward calls are screened and blocked to determine whether the calls are within an authorized service area.

(f) This account shall include revenue derived from services extending beyond the basic service area that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications)

(g) Service connection charges, termination charges, rearrangements and changes, etc., shall be included.

(h) This account which consists of revenue from narrow-band analog private network circuits and facilities furnished exclusively from record forms of communications, such as teletypewriter, teletypesetter, telewriter, ticker, Morse signaling, remote metering, and supervisory services.

(i) This account consists of revenue from private network circuits and facilities (including multipurpose wide-band) which provide voice grade services for the transmission of analog signals. It includes revenue from services such as voice, data and telephoto communication, as well as remote metering, supervisory control, miscellaneous signaling and channels furnished for the purpose of extending customer-provided communications systems. It includes revenue from the provision of facilities between customer premises and a) a serving office, b) a carrier distribution point or c) an extension distribution channel.

(j) This account consists of revenue from private network circuits and facilities furnished for audio program transmission purposes, such as radio broadcasting, sound recording (wired music) and loud speaker services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and 1) a serving office, 2) a carrier distribution point or 3) an extension distribution channel furnished in connection with such services. It also includes revenue from facilities furnished to carry the audio portion of a television program if furnished under separate audio rates.

(k) This account consists of revenue from private network circuits and facilities furnished for television program transmission purposes, such as commercial broadcast an educational or private television services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and a) a serving office, b) a carrier distribution point or c) an extension distribution channel furnished in connection with such services. It also includes revenue from both the picture and sound portions of transmission for television program service when provided under a combined rate schedule.

(l) This account consists of revenue from the provision of circuits and facilities for the transmission of digital signals only.

(m) This account consists of revenue derived from the provision of common user channels and switching capabilities used for the transmission of telecommunication signals between three (3) or more points in the network. Also included is revenue derived from the provision of basic switching and transfer arrangements used to connect private line channels.

(n) This account consists of revenue from administrative and operation support services associated with private network services and facilities, e.g., charges for company-directed testing,

expedited installation, and service restoration priority. Also included is other private network services revenue not provided for in other accounts.

§ 32.5200 Miscellaneous revenue.

This account shall be used for revenues of the type and character listed below.

a) This account shall include revenue derived from alphabetical and classified sections of directories and shall also include fees paid by other entities for the right to publish the company's directories. Items to be included are:

(1) All revenue derived from the classified section of the directories;

(2) Revenue from the sale of new telephone directories whether they are the company's own directories or directories purchased from others. This shall also include revenue from the sale of specially bound telephone directories and special telephone directory covers;

(3) Amounts charged for additional and bold face listings, marginal displays, inserts, and other advertisements in the alphabetical section of the company's telephone directories; and

(4) Charges for unlisted and non-published telephone numbers.

(b) This account shall include revenues (including taxes when borne by the lessee) derived from the rental or subrental to others of telecommunications services rendered by the company. It includes revenue from the rent of such items as space in conduit, pole line space for attachments, and any allowance for return on property used in joint operations and shared facilities agreements.

(c) The expense of maintaining and operating the rented property, including depreciation and insurance, shall be included in the appropriate operating expense accounts. Taxes applicable to the rented property shall be included by the owner of the rented property in appropriate tax accounts.

(d) When land or buildings are rented on an incidental basis for non-telecommunications use the rental and expenses are included in Account 7300. Nonoperating Income and Expense.

(e) This account shall include revenue derived from services rendered to other companies under a license agreement, general service contracts, or other arrangement provided for the furnishing of general accounting, financial, legal, patent, and other general services associated with the provision of regulated telecommunications services

(f) This account shall include revenue derived from the provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of magnetic tapes, cards or statements. Special billing information provides detail in a format and/or at a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

(g) This account shall include revenue derived from the performance of customer operations services for others incident to the company's regulated telecommunications operations which are not provided for elsewhere. (See also § 32.14(e) and 32.4999(e) of this part.)

(h) This account shall include revenue derived from contract services (plant maintenance) performed for others incident to the company's regulated telecommunications operations. This includes

revenue from the incidental performance of nontariffed operating and maintenance activities for others which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities.

(i) This account shall include the other incidental regulated revenue not provided for in other Revenues accounts. Such revenues to be included are:

(1) Collection overages (collection shall be charged to Account 6620, Customer Operations Services.)

(2) Unclaimed refunds for telecommunications services when not subject to escheats;

(3) Charges (penalties) imposed by the company for customer checks returned for nonpayment;

(4) Discounts allowed customers for prompt payment;

(5) Late-payments charges;

(6) Revenue from private mobile telephone services which do not have access to the public switched network; and

(7) Other incidental revenue not provided for elsewhere in other Revenue accounts.

(j) Any definitely known amounts of losses of revenue collections due to fire or theft,

(1) at customers' coin-box stations,

(2) at public or semipublic telephone stations,

(3) in the possession of collectors en route to collection offices,

(4) on hand at collection offices, and

(5) between collection offices and banks shall be charged to Account 6720, General and Administrative Expense.

(k) This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for activities included in the miscellaneous revenue accounts only when they are not identifiable by miscellaneous revenue account in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by miscellaneous revenue accounts they shall be recorded in the applicable account.

(l) This account shall include revenue derived from the provision of billing and collection services to other telecommunications companies. This includes amounts charged for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements.

§ 32.5280 Nonregulated operating revenue.

(a) This account shall include revenues derived from a nonregulated activity involving the common or joint use of assets or resources in the provision of regulated and nonregulated products or services. Revenues from nontariffed activities offered incidental to tariffed services may be accounted for as regulated revenues, provided the activities are outgrowths of regulated operations and the revenues do not exceed, in the aggregate, one percent of total revenues for three consecutive years.

(b) This account shall be debited and regulated revenue accounts shall be credited at tariffed rates when tariffed services are provided to nonregulated activities that are accounted for as prescribed in § 32.23(c) of this subpart.

§ 32.5300 Uncollectible revenue.

This account number shall be used for revenues of the type and character listed below.

(a) This account shall be charged with amounts concurrently credited to Account 1181, Accounts Receivable Allowances-Telecommunications

(b) This account shall be charged with amounts concurrently credited to Account 1190, Other Accounts Receivable, or to Account 1191, Accounts Receivable Allowance-Other, when such allowance is maintained.

Subpart E - Instructions for Expense Accounts.

§ 32.5999 General.

(a) Structure of the expense accounts.

(1) The expense section of the system of accounts shall be organized by account.

(2) Accounts shall be maintained as prescribed in this section subject to the conditions described in § 32.13 in Subpart B.

(b) Reimbursements. Reimbursements of actual costs incurred in connection with joint operations or projects, repairing plant due to damages by others, and obligations to make changes in telecommunications plant (such as highway relocations), shall be credited to the accounts originally charged.

(c) Expense accounts to be maintained.

Account Title

Account

INCOME STATEMENT ACCOUNTS

Network support expense	6110
General support expenses	6120
Furniture	
Central office switching expense	6210
Operators system expense	6220
Central office transmission expenses	6230
Information origination/termination expense	6310
Cable and wire facilities expenses	6410
Other property plant and equipment expenses	6510
Network operations expenses	6530
Access expense	6540
Depreciation and amortization expenses	6560
Marketing	6610
Sales	
Services	6620
Number	
Executive and planning	6710
General and administrative	6720
Provision for uncollectible notes receivable	6790

§ 32.6110 Network support expenses.

This account number shall be used for expenses of the type and character listed below.

(a) Credits shall be made to this account by Class B companies for amounts transferred to Construction and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

(b) This account shall include costs of fuel, lubrications, license and inspection fees, washing, repainting, and minor accessories. Also included are the costs of personnel whose principal job is operating motor vehicles, such as chauffeurs and shuttle bus drivers. The costs of users of motor vehicles whose principal job is not the operation of motor vehicles shall be charged to accounts appropriate for the activities performed.

(c) This account shall include such costs as aircraft fuel, flight crews, mechanics and ground crews, licenses and inspection fees, washing, repainting, and minor accessories.

(d) This account shall include such costs as fuel, licenses and inspection fees, washing, repainting, and minor accessories. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

(e) This account shall be charged only with costs incurred in connection with the garage work equipment itself.

(f) This account shall be charged with costs incurred in connection with this work equipment itself.

§ 32.6120 General support expenses.

This account number shall be used for expenses of the type and character listed below

(a) This account shall include expenses associated with land and buildings (excluding amortization of leasehold improvements). This account shall also include janitorial service, cleaning supplies, water, sewage, fuel and guard service, and electrical power.

(b) The cost of electrical power used to operate the telecommunications network shall be charged to Account 6530, Network Operations Expense, and the cost of separately metered electricity used for operating specific types of equipment, such as computers, shall be charged to this expense account.

(c) This account shall include expenses associated with furniture and artworks.

(d) This account shall be charged only with costs incurred in connection with the office equipment itself. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

(e) This account shall include costs of personnel whose principal job is the physical operation of general purpose computers and the maintenance of operating systems. This excludes the cost of preparation of input data or the use of outputs which are chargeable to the accounts appropriate for the activities being performed. Also excluded are costs incurred in planning, developing, testing, implementing, and maintaining data bases and application systems for general purpose computers. (See also Account 6720, General and Administrative.)

§ 32.6210 Central office switching expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include expenses associated with analog electronic switching.
- (b) This account shall include expenses associated with digital electronic switching.
- (c) This account shall include expenses associated with electro-mechanical switching.

§ 32.6220 Operator systems expense.

This account shall include expenses associated with operator systems equipment.

§ 32.6230 Central office transmission expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include expenses associated with radio systems.
- (b) This account shall include expenses associated with circuit equipment.

§ 32.6310 Information origination/termination expense.

This account number shall be used for expenses of the type and character listed below.

(a) This account shall include expenses associated with station apparatus. Expenses associated with company internal use communication equipment shall be recorded in Account 6120, General Support Expense.

(b) This account shall include expenses associated with large private branch exchanges. Expenses associated with company internal use communication equipment shall be recorded in Account 6120, General Support Expense.

(c) This account shall include expenses associated with public telephone terminal equipment.

(d) This account shall include expenses associated with other terminal equipment.

§ 32.6410 Cable and Wire facilities expense.

This account number shall be used for expenses of the type and character listed below.

(a) This account shall include expenses associated with poles

(b) This account shall include expenses associated with aerial cable.

(c) This account shall include expenses associated with underground cable.

(d) This account shall include expenses associated with buried cable.

(e) This account shall include expenses associated with submarine cable.

(f) This account shall include expenses associated with deep sea cable.

(g) This account shall include expenses associated with intrabuilding network cable.

(h) This account shall include expenses associated with aerial wire.

(i) This account shall include expenses associated with conduit systems.

§ 32.6510 Other property, plant and equipment expense.

This account number shall be used for expenses of the type and character listed below.

(a) This account shall include expenses associated with property held for future telecommunications use.

(b) This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling requisitions from stock, monitoring and replenishing stock levels, delivery of material, storage, loading or unloading and administering the reuse or refurbishment of material. Also included are adjustments resulting from the annual or more frequent inventory of material and supplies.

(c) Credits shall be made to this account for amounts transferred to construction and/or to plant specific operations expense. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge.

§ 32.6530 Network operations expense.

This account number shall be used for expenses of the type and character listed below.

This account shall include the cost of electrical power used to operate the telecommunications network.

This account shall include costs incurred in network administration. This includes such activities as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking, and assigning interoffice facilities and circuit layout work.

This account shall include costs incurred in testing telecommunications facilities from a testing facility (test desk or other testing system) to determine the condition of plant on either a routine basis or prior to assignment of the facilities; receiving, recording and analyzing trouble reports; testing to determine the nature and location of reported trouble condition; and dispatching repair persons or otherwise initiating corrective action. (Note also § 32.5999(b)(3) of this subpart.)

This account shall include costs incurred in the general administration of plant operations. This includes supervising plant operations (except as specified in § 32.5999(a)(3) of this subpart); planning, coordinating and monitoring plant operations; and performing staff work such as developing methods and procedures, preparing and conducting training (except on-the-job training) and coordinating safety programs.

Credits shall be made to this account for amounts transferred to Construction accounts. These amounts shall be computed on the basis of direct labor hours.

This account shall include costs incurred in the general engineering of the telecommunications plant which are not directly chargeable to an undertaking or project. This includes developing input to the fundamental planning process, performing preliminary work or advance planning in connection with potential undertakings, and performing special studies of an engineering nature.

Credits shall be made to this account for amounts transferred to Construction accounts. These amounts shall be computed on the basis of direct labor hours.

§ 32.6540 Access expense.

This account shall include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for the provision of carrier's carrier access.

§ 32.6560 Depreciation and amortization expenses.

This account shall be used by for expenses of the type and character listed below.

2002. This account shall include the depreciation expense of capitalized costs in Account 2001 and

§ 32.6610 Marketing.

This account number shall be used for expenses of the type and character listed below.

This account shall include costs incurred in performing administrative activities related to marketing products and services. This includes competitive analysis, product and service identification and specification, test market planning, demand forecasting, product life cycle analysis, pricing analysis, and identification and establishment of distribution channels.

This account shall include costs incurred in selling products and services. This includes determination of individual customer needs, development and presentation of customer proposals, sales order preparation and handling, and preparation of sales records.

This account shall include costs incurred in developing and implementing promotional strategies to stimulate the purchase of products and services. This excludes nonproduct-related advertising, such as corporate image, stock and bond issue and employment advertisements, which shall be included in the appropriate functional accounts.

§ 32.6620 Services.

This account shall be for expenses of the type and character listed below.

This account shall include costs incurred in helping customers place and complete calls, except directory assistance. This includes handling and recording; intercept; quoting rates, time and charges; and all other activities involved in the manual handling of calls.

This account shall include costs incurred in providing customer number and classified listings. This includes preparing or purchasing, compiling, and disseminating those listings through directory assistance or other means.

This account shall include costs incurred in establishing and servicing customer accounts. This includes

(1) Initiating customer service orders and records;

(2) Maintaining and billing customer accounts;

(3) Collecting and investigating customer accounts, including collecting revenues, reporting receipts, administering collection treatment, and handling contacts with customers regarding adjustments of bills;

(4) Collecting and reporting pay station receipts; and

(5) Instructing customers in the use of products and services.

This account shall also include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for billing and collection services.

§ 32.6710 Executive and planning.

This account shall be for expenses of the type and character listed below.

This account shall include costs incurred in formulating corporate policy and in providing overall administration and management. Included are the pay, fees and expenses of boards of directors or similar policy boards and all board-designated officers of the company and their office staffs, e.g., secretaries and staff assistants.

This account shall include costs incurred in developing and evaluating long-term courses of action for the future operations of the company. This includes performing corporate organization and integrated long-range planning, including management studies, options and contingency plans, and economic strategic analysis.

§ 32.6720 General and administrative.

This account shall be used for expenses of the type and character listed below.

This account shall include costs incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting (revenue requirements, separations, settlements and corollary cost accounting), non-customer billing, tax accounting, internal and external auditing, capital and operating budget analysis and control, and general accounting (accounting principles and procedures and journals, ledgers, and financial reports). Financial services include banking operations, cash management, benefit investment fund management (including actuarial services), securities management, debt trust administration, corporate financial planning and analysis, and internal cashier services.

This account shall include costs incurred in maintaining relations with government, regulators, other companies and the general public. This includes:

Reviewing existing or pending legislation (See also Account 7300, Nonoperating Income and Expense Lobbying expenses.);

Preparing and presenting information for regulatory purposes, including tariff and service cost filings, and obtaining radio licenses and construction permits;

Performing public relations and non-product-related corporate image advertising activities;

Administering relations, including negotiating contracts with telecommunications companies and other utilities, businesses, and industries; and

Administering investor relations.

This account shall include costs incurred in performing personnel administration activities.

This includes:

Equal Employment Opportunity and Affirmative Action Programs;

Employee data for forecasting, planning and reporting;

General employment services;

Occupational medical services;

Job analysis and salary programs;

Labor relations activities;

Personnel development and staffing services, including counseling, career planning, promotion and transfer programs;

Personnel policy development;

Employee communications;

Benefit administration;

Employee activity programs;

Employee safety programs; and

Nontechnical training course development and presentation.

This account shall include costs incurred in providing legal services. this includes conducting and coordinating litigation, providing guidance on regulatory and labor matters, preparing, reviewing and filing patents and contracts and interpreting legislation. Also included are court costs, filing fees, and the costs of outside counsel, depositions, transcripts and witnesses.

This account shall include costs incurred in procuring material and supplies, including office supplies. This includes analyzing and evaluating suppliers' products, selecting appropriate suppliers, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards for material purchased and administering vendor or user claims.

This account shall include costs incurred in making planned search or critical investigation aimed at discovery of new knowledge. It also includes translating research findings into a plan or design for a new product or process or for a significant improvement to an existing product or process, whether intended for sale or use.

This account shall include costs incurred in performing general administrative activities not directly charged to the user, and not provided for in other accounts. This includes providing general reference libraries, food services (e.g., cafeterias, lunch rooms and vending facilities), archives, general security investigation services, operating official private branch exchanges in the conduct of the business, and telecommunications and mail services. Also included are payments in settlement of accident and damage claims, insurance premiums for protection against losses and damages, direct benefit payments to or on behalf of retired and separated employees, accident and sickness disability payments, supplemental payments to employees while in governmental service, death payments, and other miscellaneous costs of a corporate nature. This account excludes the cost of office services, which are to be included in the accounts appropriate for the activities supported.

§ 32.6790 Provision for uncollectible notes receivable.

This account shall be charged with amounts concurrently credited to Account 1200, Notes Receivable, or to Account 1201, Notes Receivable Allowance, when such allowance is maintained.

Subpart F - Instructions for Other Income Accounts

§ 32.6999 General.

(a) **Structure of Other Income Accounts.** The Other Income Accounts are designed to reflect both operating and nonoperating income items including taxes, extraordinary items and other income and expense items not properly included elsewhere.

(b) Other Income Accounts Listing.

Account Title	Account
Other operating income and expense	7100
Operating taxes	7200
Nonoperating income and expense	7300
Nonoperating taxes	7400
Interest and related items	7500
Extraordinary items	7600
Nonregulated net income	7990

§ 32.7099 Contents of accounts.

Other Operating Income and Expense accounts are intended to record the results of transactions, events or circumstances during the periods which are incidental or peripheral to the major or central operations of the company. They shall include all items of an operating nature as incidental work performed for others not provided for elsewhere. Whenever practicable the inflows and outflows associated with a transaction, event or circumstance shall be matched and the results shown as a net gain or loss.

§ 32.7100 Other operating income and expenses.

This account number shall be used for other operating income and expense items of the type and character listed below.

(a) This account shall include profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others which are similar in nature to those activities which are performed by the company in constructing its own telecommunications plant facilities.

(b) The records supporting the entries in this account shall be maintained in accordance with GAAP

(c) This account shall include a return on investment for the use of regulated property plant

and equipment to provide nonregulated products and services.

(d) This account shall include all gains and losses resulting from the exchange of foreign currency. Transactions (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

(e) This account shall include gains or losses resulting from the disposition of land or artworks.

(f) This account shall be charged or credited, as appropriate, to record the results of transactions, events or circumstances which are of an operational nature, but occur irregularly or are peripheral to the major or central operations of the company and not provided for elsewhere.

§ 32.7199 Content of accounts.

The Operating Tax accounts shall include the taxes arising from the central operations of the company.

§ 32.7200 Operating taxes.

This account number shall be for operating taxes of the type and character listed below.

This account shall be charged and Accounts 4320, Unamortized Operating Investment Tax Credits-Net, shall be credited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. (See also Account 7400, Nonoperating Taxes.) Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

This account shall be charged and Account 4070, Income Taxes-Accrued, shall be credited for the amount of Federal Income Taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits and shall be amortized to income as directed by this Commission.

No entries shall be made to this account to reflect interperiod tax allocations.

This account shall be charged and Account 4070, Income Taxes - Accrued, shall be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

No entries shall be made to this account to reflect interperiod tax allocations.

This account shall be charged and Account 4080, Other Taxes-Accrued, shall be credited for all taxes, other than Federal, state, and local income taxes and payroll related taxes, related to regulated operations applicable to current periods. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes; this account shall also reflect subsequent adjustments to amounts previously charged.

Special assessments for street and other improvements and special benefit taxes, such as water taxes and the like, shall be included in the operating expense accounts or investment accounts, as may be appropriate.

Discounts allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

Interest on tax assessments which are not paid when due shall be included in Account 7500, Interest and Related Items.

Taxes paid by the company under tax-free covenants on indebtedness shall be charged to Account 7300, Nonoperating Income and Expense.

Sales and use taxes shall be accounted for, so far as practicable, as part of the cost of the items to which the taxes relate.

Taxes on rented telecommunications plant which are borne by the lessee shall be credited by the owners to Account 5200, Miscellaneous Revenue, and shall be charged by the lessee to the appropriate Plant Specific Operations Expense account.

This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for income tax expense that has been deferred in accordance with § 32.22 of Subpart B:

- 4100 Net Current Deferred Operating Income Taxes
- 4340 Net Noncurrent Deferred Operating Income Taxes

§ 32.7299 Content of accounts.

The nonoperating income and expense accounts are intended to record the results of transactions, events and circumstances affecting the company during a period and which are not operational in nature. They shall include such items as nonoperating taxes, dividend income and interest income. Whenever practicable the inflows and outflows associated with a transaction or event shall be matched and the result shown as a net gain or loss.

§ 32.7300 Nonoperating income and expense.

This account number shall be used for nonoperating income and expense items of the type and character listed below.

(a) This account shall include dividends on investments in common and preferred stock, which is the property of the company, whether such stock is owned by the company and held in its treasury, or deposited in trust or otherwise controlled.

(b) These accounts shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other funds.

(c) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1401, Investments in Affiliated Companies, as a reduction of the carrying value of the investments.

(d) This account shall include interest on securities, including notes and other evidences of indebtedness, which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust or otherwise controlled. It shall also include interest on bank balances, certificates of deposits, open accounts, and other analogous items.

(e) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and date of maturity, the difference between the purchase price and the par value of securities owned, the income from which is includable in this account.

(f) This account shall include the income accrued on cash, securities issued by other companies, and other assets (not including securities or assumed by the company) held in sinking and other funds.

(g) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the difference between the purchase price, and the par value of securities held in sinking or other funds.

§ 32.7340 Allowance for funds used during construction.

This account shall be credited with amounts charged to the telecommunications plant under

construction account.

(a) This account shall include gains or losses resulting from the disposition of the following:

(1) Gains or losses from the disposition of land or artworks;

(2) Gains or losses from the disposition of plant with traffic; and

(3) Gains or losses from the disposition of nonoperating telecommunications plant not previously used in the provision of telecommunications services.

(b) This account shall include all other items of income and gains or losses from activities not specifically provided for elsewhere.

(c) This account shall include representative items as follows:

(1) Fees collected in connection with the exchange of coupon bonds for registered bonds;

(2) Gains or losses realized on the sale of temporary cash investments or marketable equity securities;

(3) Uncollectible amounts previously credited to this account

(4) Net unrealized losses on investments in current marketable equity securities;

(5) Write-downs or write-offs of the book costs of investment in equity securities due to permanent impairment;

or (6) Gains or losses of nonoperating nature arising from foreign currency exchange translation;

requirements; (7) Gains or losses from the extinguishment of debt made to satisfy sinking fund

(8) Amortization of Goodwill;

on (9) Company's share of the earnings or losses of affiliated companies accounted for the equity method; and

(10) The net balance of the revenue from and the expenses (including depreciation; amortization and insurance) or property, plant, and equipment, the cost of which is includable in Account 2006, Nonoperating Plant.

This account shall include the following costs that are typically given special regulatory scrutiny for ratemaking purposes. Unless specific justification to the contrary is given, such costs are presumed to be excluded from the cost of service in setting rates.

(e) Lobbying includes expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances) or approval, modification, or revocation of franchises, or for the purpose of influencing the decisions of public officials. This also includes advertising, gifts, honoraria, and political contributions. This does not include such expenditures which are directly related to communications with and appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations;

(f) Contributions for charitable, social or community welfare purposes;

(g) Membership fees and dues in social, service and recreational or athletic clubs and organizations;

(h) Penalties and fines paid on account of violations of statutes. This account shall also include penalties and fines paid on account of violations of U.S. statutes including judgments arising from a violation of antitrust laws, and payments in settlement of civil and criminal suits alleging such violations; and

(i) Abandoned construction projects.

§ 32.7399 Content of accounts.

The Nonoperating Tax account shall include taxes arising from activities which are not a part of the central operations of the entity.

§ 32.7400 Nonoperating taxes.

This account number shall be used for nonoperating taxes of the type and character listed below.

(a) This account shall be charged and Account 4330, Unamortized Nonoperating Investment Tax Credits-Net, shall be credited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be credited and Account 4330 shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

(c) This account shall be charged and Account 4070, Income Taxes - Accrued, shall be credited for the amount of nonoperating Federal income taxes for the current period. This account

shall also reflect subsequent adjustments to amounts previously charged.

(d) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(e) Companies that adopt the flow-through method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.

(f) No entries shall be made to this account to reflect interperiod tax allocation.

(g) This account shall be charged and Account 4070, Income Taxes -Accrued, should be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(h) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(i) No entries shall be made to this account to reflect interperiod tax allocation.

(j) This account shall be charged and Account 4080, Other Taxes--Accrued, shall be credited for all nonoperating taxes, other than Federal, state and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.

(k) This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for nonoperating tax expense that has been deferred in accordance with § 32.22 of Subpart B:

4110 Net Current Deferred Nonoperating Income Taxes
4350 Net Noncurrent Deferred Nonoperating Income Taxes

§ 32.7499 Content of accounts.

Interest and related amounts shall be included in this account.

(a) This account number shall be used for interest and related items of the type and character listed below.

(1) This account shall include the current accruals of interest on all classes of debt the principal of which is includable in Account 4210, Funded Debt. It shall also include the interest on funded debt the maturity of which has extended by specific agreement.

(2) These accounts shall not include charges for interest on funded debt issued or assumed by the company and held by or for it, whether pledged as collateral or held in its treasury, in special deposits or in sinking or other funds.

(3) Interest expressly provided for and included in the face amount of securities issued shall be charged at the time of issuance to Account 1330, Other Prepayments, and cleared to this account as the term expires to which the interest applies.

(4) This account shall also include monthly amortization of balances in Accounts 4220, Premium on Long-Term Debt, and 4230, Discount on Long-Term Debt.

(b) This account shall include the interest portion of each capital lease payment.

(c) This account shall include the monthly amortization of the balances in Account 1407, Unamortized Debt Issuance Expense.

(d) This account shall include all interest deductions not provided for elsewhere, e.g., discount, premium, and expense on notes maturing one year or less from date of issue.

(e) A list of representative items of indebtedness, the interest on which is chargeable to this account, follows

(1) Advances from affiliated companies

(2) Advances from nonaffiliated companies and other liabilities

(3) Assessments for public improvements past due;

(4) Bond coupons, matured and unpaid

(5) Claims and judgments;

(6) Customers' deposits;

(7) Funded debt mature, with respect to which a definite agreement as to extension has not been made;

(8) Notes payable on demand or maturing one year or less from date of issue;

(9) Open accounts;

(10) Tax assessments, past due; and

(11) Discount, premium, and issuance expense of notes maturing one year or less from date of issue.

(f) Interest payable on notes or other evidences of indebtedness maturing serially shall be charged to Account 7510, Interest of Funded Debt, if any portion of the obligation matures more than